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TRIP REPORT

Review of Zdrav*Reform* Pilot Sites In L'viv Oblast and Curriculum Development In L'viv and Odessa September 1996

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I. EXECUTIVE SUMMARY

The health system of the Zhovkva Rayon in the L'viv Oblast Intensive Demonstration Site (IDS), Ukraine, is undergoing a major transition from a traditional Soviet model dominated by specialists, high referral rates, and a lack of effective primary medical care. The Soviet system relied heavily on large numbers of hospitals, polyclinics, dispensaries, physician ambulatory facilities, and feldsher units. The system was labor intensive, favored frequent admissions to hospitals, long lengths of stay in the hospital, heavy referrals to specialists, and large numbers of visits to ancillary services and polyclinics physicians. Now, a totally new oblast budget system, based on a capitated rate to cover the entire oblast population, is being implemented with the assistance of Zdrav*Reform* Program. If the new capitation rate system is successful, it should develop strong incentives to reduce unnecessary referrals to specialists and ancillary services, as well as reduce hospital admissions, the average length of stay (A/LOS) in hospitals, and eventually the resultant cost and labor associated with these unnecessary services.

The major objectives of the consultant's visit was to continue project implementation, review the progress of the various pilots, and develop a format and recommendations for the roll-out of various products to other L'viv rayons and other Ukraine oblasts. Secondary objectives were to finalize and field test the Zdrav*Reform*/Ukraine Product 1.D., *Rationalization/Restructuring of a Rayon Health System*, and to follow up previous work with curriculum development with the L'viv and Odessa Medical Schools.

The visit was a success with a number of accomplishments:

- Progress was made with the four pilot facilities and project implementation was continued at all locations;

- The "how to" manual (Product I.D.) was field tested to ensure practicality and readability, and draft three of the product document was revised and updated based on input from counterparts and Zdrav*Reform* staff;

- The curriculum development in Health Care Management, Economics, and Finance for the L'viv State Medical School and the Odessa Medical University was further refined, developed and formulated into Product III.G, *An Outline of Undergraduate Medical Education Health Care Management Curriculum*.

- The document to consolidate the roll-out of products to other rayons in the L'viv Oblast and to other oblasts in Ukraine and possibly other countries of the Consortium of Independent States (CIS) was completed and is included in this trip report.

- The planning process for future project implementation and roll-out was initiated in the Yavoriv Rayon, pending funding and other program priorities.

II. BACKGROUND

This trip report covers the period September 8-26, 1996, and was to review the progress of the various pilots carried out in the L'viv Oblast IDS pilot facilities over the last two years and to develop a format for the roll-out of various products to other L'viv rayons, Ukraine oblasts, and possibly other CIS countries. Secondary objectives were to finalize and field test the manual on rationalization/restructuring of rayon health systems, and to further work done on curriculum development with the L'viv and Odessa Medical Schools. The major objectives are listed below. For the consultant's specific scope of work (SOW) see the Annex section of this report.

III. OBJECTIVES

The major objectives were:

- Continue implementation of management reforms at L'viv City Hospital No. 1, Polyclinic No. 2, and Zhovkva Rayon;

- Develop a potential plan for assistance with various products in the Yavoriv Rayon based on the products list and the needs of the Chief Physician;

- Develop a roll-out format for the interventions at the various pilot sites and consolidate this into a comprehensive list of marketable products for roll-out to other L'viv rayons, Ukraine oblasts, and CIS countries;

- Field test and finalize Zdrav*Reform*/Ukraine Product I.D., *Organizational Restructuring and Rationalization of a Rayon and District Health Delivery System*; and

- Continue the process of curriculum development at the L'viv Medical School and coordination with the Odessa Medical School on the topics of Health Finance, Economics and Management; and develop Product III.G*, An Outline of Undergraduate Medical Education Health Care Management Curriculum*.

<u>Editorial Note:</u> In order to aid the reader, we have used boxes to hightlight key issues and information, and to prepare the reader for coming sections of special interest. We hope the reader will find this of value.

IV. FINDINGS

A. Background of Ukraine and L'viv Oblast

1. Overview of Ukraine's Health System

The health system of the former USSR was chronically under-funded, and its successor states, including Ukraine, have inherited this legacy. The principal problems include: (1) poor quality of care; (2) shortages of medical supplies, medicines, and equipment; (3) inadequate facilities; and (4) inefficient use of existing resources. The health of Ukraine's population is also affected by a range of environmental hazards, including the after effects of the Chernobyl disaster. The number of doctors and hospital beds per 10,000 population in Ukraine in 1987 was 43 and 133 respectively.[1]

In 1989, life expectancy at birth was 66.1 years for males and 75.2 years for females; these levels have not risen from their 1970 levels. The main causes of death in Ukraine are cardiovascular conditions, cancer, accidents, and respiratory illnesses. In 1988, circulatory disease alone accounted for over half of all deaths and for almost 30 percent of all years of potential life lost. The U.S. Bureau of the Census estimates the infant mortality rate was 22.1 deaths per 1,000 live births in 1990.

The Bureau also estimated the total fertility rate in 1990 to be 2.0. Almost no family planning services are available. An estimated eight out of ten conceptions are unplanned, and abortion is reportedly the most common method of controlling fertility (out of 1.6 million pregnancies, 700,000 are terminated by abortion, and only three out of 10 of them are performed in a hospital). Only 17 percent of sexually active women use contraceptives (mostly IUDs). Local production of contraceptives is very limited. The maternal mortality ratio was 32.7 deaths per 100,00 live births in 1989, which is high compared to other national health indicators. Only 30 percent of deliveries are described as normal.

2. Overview of L'viv Oblast's Health System

The total population of L'viv Oblast was 2,705,286 in 1994. The population of L'viv City alone was 779,876 persons, or 29 percent of the total. Seven smaller cities, the largest of which are Drohobych, Chervonorad, and Stryi, accounted for another 391,619 persons, or an additional 14 percent. Twenty predominantly rural rayons accounted for the remaining population of 1,533,791 persons, or 57 percent of the total. Although the rayon populations are predominantly rural, their urban populations still accounted for 32 percent of their total populations, implying that the total urban population of the oblast (including all cities and the urban components of rayons) is about 61 percent of the total.

The health system in L'viv Oblast consists of rayon-level facilities (hospitals, dispensaries, and ambulatories) administered by each city or rayon (City or Rayon Health Administration) and a

[1] This section of the report draws heavily on USAID's Health Profile for Ukraine.

system of oblast-level facilities administered directly by the Oblast Health Administration. In 1994, 20 rayons accounted for a total of 14,330 hospital beds (48 percent of the total), about half of which were concentrated in 19 central rayon hospitals, with the rest being distributed across varying numbers of rayon, city, district hospitals, and certain specialty hospitals or "dispensaries." City-managed facilities accounted for another 8,744 hospital beds, or 29 percent of the total. Seventeen oblast-managed facilities, most of which are specialty units, accounted for the remaining 6,723 beds, or 23 percent of the total. Throughout the oblast, there were about 110 hospital beds per 10,000 population in 1994.

In addition to hospitals, the oblast health system includes a relatively small primary health system, which includes a limited number of physician-staffed ambulatory health centers (typically staffed by an internist, a pediatrician, and a dentist) and 1,055 paramedic-staffed feldscher units (rural health posts), which are administered by the local governments of the towns or villages in which they are located.

3. The New Environment and Per Capita Financing

On September 25, 1995, the L'viv Oblast Health Administration issued Regulation (decree) Number 774 on the "Implementation of Per Capita Financing." This decree states that all medical facilities in the Oblast should begin to implement per capita financing from October 1, 1995, within the framework of the 1995 budgets. It is our understanding that this means that rayon budgets should no longer be based on the number of hospital beds and bed occupancy rates but instead be fixed globally on the basis of 1995 budget levels (this was done so as not to penalize rayons for having closed approximately 3,000 hospital beds this year). There will no longer be any incentive for rayon health administrators to increase the number of hospital beds or to keep them full in order to obtain a larger budget. This is a radical departure from previous budgeting procedures, and it should provide a powerful incentive to reduce the ALOS, unnecessary hospitalizations, and (eventually) the number of hospitals and hospital beds. The formula for determining the future global budgets at the rayon level has not been finalized.

The recent decree does not specify how budgets should be allocated within rayons to individual facilities. Instead, it authorizes an experiment in the Drohobych region, which would involve the reimbursement of hospitals using a complexity group reimbursement formula, as discussed in previous *ZdravReform* reports (Wouters and Quinn, 1995; Barlow and Knowles, 1995). We understand that other rayons will have great flexibility during the period of this experiment in determining how they allocate their global budgets to individual facilities (Wouters, 1995). In fact, rayons already have substantial latitude in how they use their budget, including the ability to substitute between line items. Supposedly, they can also hire and fire personnel, as long as they adhere to oblast guidelines.

The oblast health facilities, most of which are located in L'viv City but some of which are located in the rayons, will be paid from a separate fund. Under these circumstances, rayon health administrators will have a strong incentive for the first time to refer patients to oblast-level facilities (in the past, their need to keep occupancy rates up in the rayon facilities served as a restraint on such referrals). The Oblast Health Administration is aware of this problem, and they expect to

introduce a system of inter-facility payments to compensate facilities for the cost of treating referred patients in the next 2-3 years.

The recent decree specifies a list of basic services and essential drugs which should be provided to the population free of charge (and reaffirms the right of specific groups in the population to receive all health services free); but it authorizes medical facilities to charge fees for all other drugs and services, even going so far as to exempt them from the payment of Value-Added Tax (VAT) and profit taxes on this revenue (whether this exemption will cover both the national and oblast portions of these taxes is as yet unclear).

It is likely that the implementation of per capita (global) budgeting within L'viv Oblast will provide strong incentives at the rayon level to reduce unnecessary and lengthy hospitalizations. It is less clear how these incentives will be transferred to the managers of individual facilities within the rayon. If the facilities are also given global budgets, they will have a strong incentive to refer patients on to higher-level facilities (e.g., from a city or rayon hospital to the central rayon or oblast hospital). If facility budgets are fixed on the basis of number of beds and bed occupancy, as they are presently, the potential incentives offered by the new system will be lost. A case-based or complexity grouping reimbursement system, such as the one being developed in Drohobych, provides strong incentives both to treat patients (rather than to refer them) and to shorten hospital stays; but it fails to provide an incentive to treat patients on an outpatient basis.

4. Recent Update on the New Budget Process:

As of September 1996 the per capita system of budgeting as outlined above has only been partially implemented. This is due to economic and political problems, including the new constitution which has added new constraints to oblasts wishing to institute health reform. However, the L'viv Oblast leadership is committed to implementing health reform in line with the assistance given by the Zdrav*Reform* program. Recent national directives state that another 40,000 hospital beds will need to be reduced in the coming months. This should assist Zdrav*Reform* efforts during the coming period.

B. Pilot Facility Activities and Progress

1. Background of Pilot sites

The L'viv IDS has a number of pilot sites and various project interventions at each site. The plans, program interventions, evaluation criteria, and other relevant information is well documented in a number of reports and need not be repeated in this trip report. IDS Manager John Stevens has developed a *Work Plan Status Report*, *Revision Thirteen, September 15, 1996*, which is an excellent document outlining the various activities, plans, and detailed progress as of the date of this consultant's visit. Consequently, this report will only discuss general activities, trends and progress. It is sufficient to state that the consultant paid several visits to all of the pilot sites except Skolie, which has been put on hold, and worked with counterparts on the various interventions and project issues and concerns. However, due to the absence of key counterparts due to vacation leave,

sick leave, conferences, and the UNICEF immunization program, it was not possible to complete all of the planned activities.

In general, all of the pilot sites are making significant progress on project activities since the consultant's last visit. While some interventions are not moving as fast as others, most things are on track with the plan.

Due to the new constitutional clauses with respect to health care for the population, which appear to limit the flexibility of health reform for the oblasts, and in light of the economic and political difficulties, all Zdrav*Reform* pilot projectss are working effectively. The key indicators of bed reductions and reduced LOS at the pilot facilities are at the forefront of the health reform changes in the L'viv Oblast. As previously stated, a recent directive decreed that another 40,000 beds must be reduced nationally in the coming months. This should assist Zdrav*Reform* efforts in the hospital rationalization and restructuring area.

Outlined below is a brief description of the interventions in each pilot site and a brief description of the progress, trends, concerns, priorities, and other relevant issues at each. Please see Stevens' work plan status report for more detailed information on each specific item of progress and evaluation. See also Exhibit A for program/pilot matrix.

2. Pilot 1: Skole Rayon (Strengthened Primary Health Care System)

Due to lack of agreement with counterparts with respect to implementation of Zdrav*Reform* proposals, this pilot has temporarily been put on hold. It is sufficient to state that interventions were centered around the strengthening of family practice activities, user fees, budget decentralization, and reduction of beds, length of stay, and services consolidations.

3. Pilot 2: Zhovkva Rayon (Streamlined Hospital System)

The Zhovkva Rayon is the one rayon project in Ukraine which is receiving the full attention of health reform efforts. Zhovkva has initiated a full set of health reform initiatives including strategic planning, rationalization of facilities and services, restructuring of the total health care system toward more primary care, improved family medicine, cost containment, quality assurance, private medicine, user fees, self-governance, decentralization of the budget process, managerial accounting, cost finding and pricing of services, performance reporting, and internal control and cash management systems. See Exhibit A for details and full scope of program interventions.

Significant progress has been made in the work of the Cost/Quality Task Force (Medical Oversight Committee) which is overseeing the process of reducing length of stay, changing procedures from in-patient to out-patient, and reducing beds. The work plan status report of John Stevens outlines in detail the specific progress and barriers to change which the Zhovkva Rayon has experienced. Following Zdrav*Reform* consultant recommendations, a number of task forces have been set up and are operating effectively to assist with reviewing primary care and outreach activities, and to implement private medicine activities and are meeting regularly and are making progress. Due to

the illnesses of the Chief and Deputy Chief Economists, the accounting and budget reforms have been delayed, but implementation is continuing.

In reviewing the progress of various activities with the Chief Physician, Deputy Chief Physician, and other key staff it is apparent to the consultant that significant progress is being made in each area. In general, the consultant was able to establish that interventions are on track and the commitment to continue is still strong on the part of the health leadership and staff.

Two of the four town hospitals recommended to be closed as inpatient units have been converted to 24-hour outpatient and emergency facilities. The conversion of the other two is under serious consideration. The new directive will probably push the local leadership to close the other two town hospitals. It should be emphasized that closing (converting) facilities is the single most difficult task facing local leaders, especially in light of the new constitution.

The rayon continues to make significant progress in the reduction of both LOS and hospital beds. Bed count has dropped from 920 in 1991 to 655 in 1996. In 1995-96 alone, 135 beds were closed. The closing of one or two additional town hospitals will assist this process.

4. Pilot 3: L'viv City Hospital No. 1 (Overhauled Payment and Management System)

City Hospital No. 1 is the institutional "show piece" of the Zdrav*Reform* efforts in L'viv. The management has been able to apply the full scope of Zdrav*Reform* interventions including strategic planning, strategic mapping, quality assurance with clinical protocols/clinical pathways, improved family medicine, decentralization of budget, user fees, departmental and procedure costing, cost management and information reporting, rotation of staff between Inpatient and Outpatient departments, internal control and cash management, and salary incentive based on performance criteria, as well as bed and LOS reductions. See Exhibit A for full scope of program interventions.

The *Work Plan Status Report* details the progress in each area and this need not be repeated here. However, the consultant was able to review with counterparts all of the various program areas.

The salary performance/incentive program and the introduction of user fees in most (15) departments have been a major success and are moving ahead smoothly. The decentralization of budgets and authority to separate facilities and to local levels of the health care hierarchy is having a major impact upon departmental and personnel performance, cost, and quality. The cost finding, pricing, and cost management programs have improved departmental and individual accountability. Combined with the salary incentive program, personnel who perform well can be rewarded accordingly. The collection of user fees from those who can pay, and the non-charging of those who cannot pay is moving ahead smoothly; monthly collections have increased to 380 million coupons. The survey of patient satisfaction in family medicine has led to improved quality, training, interpersonal skills, and "bedside manner" of all staff. Although the physician rotation has been implemented it has run into training, cultural, and professional issues (hospital physicians are seen as the best, and they resent being asked to provide outpatient care), and it will take time,

communication, and more training to overcome these difficulties. While the staff believe that physician rotation is important from an economic standpoint, they feel that this intervention could have been delayed until a later date.

Due to the failure of the oblast to implement the full per capitation budget program, as designed by Zdrav*Reform*, the institution is still on a mixed budget system. This has not allowed them to take full advantage of the incentives outlined in the original program. However, with the exception of the rotation of staff between inpatient and outpatient areas, all of the interventions are moving ahead effectively and are on track.

5. Pilot 4: L'viv Polyclinic No. 2 (Private Medical Practice Model)

Polyclinic No. 2 is another "star" in the L'viv IDS. Although it is a much smaller institution than City Hospital No. 1, it has also experienced the full scope of most Zdrav*Reform* activities. The major interventions have been in the areas of family medicine, patient satisfaction surveys, private medicine/privatization of the Surgery Department (although privatization tends to be a word with bad connotations), budget decentralization, cost finding at the departmental and procedure level, pricing of services, user fees, management reporting and information systems, internal control, and cash management control. See Exhibit A for full scope of interventions.

During this visit a number of the key counterparts at Polyclinc No. 2 were taken through an abbreviated strategic planning process. It is clear from this exercise that the key management personnel know their problems and possible solutions, and are deterred from moving faster with reform only by the failure of the government to allow reform.

The budget decentralization process has been limited to Surgery and needs to be expanded to all departments. However, there is little need to decentralize when few budget categories are available at the local level. Some progress has been made with user fees, but approval of the experiment by the L'viv City Administration is pending. It is critical for the program that this approval be secured and all Zdrav*Reform* parties should bring the necessary pressure to bear to see that this happens in the near future.

The progress, results and difficulties being experienced are outlined in detail in the *Work Plan Status Report* and will not be repeated here. However, this consultant reviewed the progress of key interventions with counterparts, and it can be stated that progress is being made in each area.

6. Pilot 5: Yavoriv Rayon (Possible Roll-Out Site)

During the past month the Yavoriv Rayon was identified as a possible new roll-out site for Zdrav*Reform* activities. ThwZdrav*Reform*/L'viv staff had made a number of prior trips and this consultant made two trips to Yavoriv Rayon during his visit in order to identify the type of assistance which might be required.

The first visit allowed the consultant to get familiar with the rayon and it problems and potentials. We reviewed the possible areas of assistance which Zdrav*Reform* had drawn up for Zhovkva, and for Polyclinic No. 2 and City Hospital No. 1, and rayon health care leaders requested materials on the salary incentive program, clinical protocols, and other information.

The second visit resulted in more definitive discussions of programs/products and possible interventions and resulted in a plan for possible programs, which is presented in Attachment C in the appendix of this report. This visit was very productive, as the Chief Physician had just come back from a meeting with rayon executives who o told her that the budget had been cut once again and that she must begin to reduce beds, close or convert facilities and let personnel go. The Chief Physician was especially interested in the rationalization, restructuring, and financial areas of the Zdrav*Reform* Program. The area of how to effectively handle the large number of social-welfare patients was discussed at length. The rayon is one of the poorest in the L'viv Oblast and has a large number of older pensioners who are unable to buy coal for the winter. These people eventually come into the hospital for food and warm shelter, but they are not medically ill. The Chief Physician is especially interested in converting the rehab hospital at Nemyiv into an outpatient facility, and possibly the hospital at Ivano Franko into some type of facility with just outpatient day beds but no inpatient beds. An economic analysis of both of these changes is needed to get the approval for such changes.

The general focus of Zdrav*Reform* efforts would be in the areas of reducing in-patient beds and establishing more day beds and more outpatient diagnostic facilities. There is also a need for a study of the bed distribution in Yavoriv and Novoyavorivisk Hospitals, with the intent of reducing beds and making more specialized unit while reducing overall beds. There is also a strong desire for assistance with quality management programs especially the clinical pathways, which the Chief Physician had seen in Zhovkva. The improvement of family medicine and primary care activities was also highlighted as a strong need. The desire to work closely with the successful experience at Zhovkva Rayon was also highlighted, as well as the need for some assistance from the financial/economists at City Hospital No. 1 and Polyclinic No. 2.

In summary and in reviewing the total scope of Zdrav*Reform* interventions, the Chief Physician stated that she wanted assistance in every area as soon as possible. It was agreed that the best way to begin the assistance was to conduct a visit to each facility and to talk with each Chief Physician, as was done in the Zhovkva Rayon Study. The consultant promised to write up the visit and make recommendations to John Stevens, and that Stevens would get back with her in the coming weeks.

The background and key data and statistics on the Yavoriv rayon is presented in Attachment B in the appendix of this report. It is sufficient to say that the rayon has significant potential for roll-out activities in the future (1997-98) if funding becomes available and if the leadership feels that this rayon is a priority. See recommendations and Attachment C in the appendix.

C. Recommendations for Pilot Facilities

1. Based on a review of existing programs, the consultant recommends that the L'viv IDS hold to its existing interventions at the various pilot sites and not start any new efforts until the new year, with the exception of Yavoriv. Staff and counterparts have sufficient workplans to complete by the end of the year and additional interventions would complicate existing implementation.

The national decree to implement a reduction of 40,000 more hospital beds will assist with the needed impetus to keep counterparts rationalizing and restructuring facilities and services. Continuing pressure should be put on local counterparts to continue to progress on workplans for rationalization, restructuring, decentralization of budget activities, managerial accounting, cost management and reporting, user fee developments, plans for private medicine, improvements in family practice, and other program initiatives

2. Forceful pressure on local leaders should be continued in order to gain their approval for the Polyclinic No. 2 proposal.

3. Zdrav*Reform* staff should continue to make plans for roll-out of reform interventions to Yavoriv (see Attachment C in the appendix) and other rayons, but this should be limited to planning only, and no actual activity should begin until funding and future direction and priorities are clearly established.

4. Zdrav*Reform* staff should continue to develop, refine, finalize, publish, and make ready for distribution all established roll-out products in order to be prepared for new funding initiatives in the new year.

Some thought and plan should be made with regard to distribution of "How To" manuals. This consultant has found that funds should be budgeted not just for publication but for dissemination, which is best done through a training vehicle or continuing education. The simple dissemination of manuals without training or explanation is usually not very effective.

5. Zdrav*Reform* staff shoud do research as to which other rayons in the L'viv Oblast and possibly other oblasts in Ukraine might be candidates for roll-out. They should begin planning how the roll-out activities might best be carried out, by whom, in what time frame, and at what cost.

6. Zdrav*Reform* staff should refine the list of possible products for roll-out as presented in Exhibit A and Attachment C. This could be followed by establishing a products marketing committee in Bethesda to review and refine these into discrete packages to be marketed by the U.S. Agency for International Development (USAID) to other CIS countries.

D. Plan of Action for Pilots

In light of the recommendations above, which advise against starting new projects or programs, a brief plan of action for each pilot site follows:

1. Pilot 1: Skole Rayon

Due to the issues previously mentioned, no recommendations are made for this pilot.

2. Pilot 2: Zhovkva Rayon

- Strengthen the work of the group doing decentralization of budgets and development of user fees, preferably with more help from City Hospital No. 1 or Polyclinic No. 2.

- Continue the work of the Task Force on Cost/Quality and further develop protocols an guidelines for reducing LOS and reducing unnecessary admissions.

- Continue to the work of the Task Force on Primary Care and identify areas of undeserved population with plans for continuing to improve outpatient facilities and outreach activities.

- Continue to evaluate the potential for converting the remaining two town hospitals into 24-hour outpatient facilities.

- Implement the Patient Satisfaction Survey from City Hospital No. 1 and Polyclinci No. 2 in the Zhovkva location for family practice.

3. Pilot Facility 3: L'viv City Hospital No. 1

- Continue the training and development in family medicine using the Patient Satisfaction Survey as a base line for improvement.

- Continue to develop user fees in those departments and services not yet included in the process.

- Continue to push for decentralization of the budget and autonomy process to all departments at all facilities.

- Continue the development and training for the improved productivity which will result from the rotation of inpatient and outpatient staff to each others area, and the training of nurses to relieve physicians of traditional nursing duties.

- Assist the financial management and decentralization process by procuring a number of computers for the various facilities.

4. Pilot 4: Polyclinic No. 2

- Continue to improve family medicine organization and delivery of services utilizing the Patient Satisfaction Survey as a baseline for improvement.

- Continue the budget decentralization process that has been so successful in Surgery with the various other departments. This will greatly improve the attitude and understanding of department directors with respect to user fees and cost/price management.

- Assist the financial management process by procuring two computers, one for Surgery and one for the Economics Department .

- Conduct training on licensing and accreditation for department directors to begin preparing them for the coming process of inspection and review.

- Contine to urge the City Administration to approve the user fee proposal for the Surgery Department.

5. Pilot 5: Yavoriv Rayon

- Provide immediate economist/financial management assistance to do a brief financial analysis (cost/benefit study) of converting one or two inpatient facilities into outpatient facilities before the end of the year.

- Continue to refine the list of possible interventions and determine the resources, timing, and priority of each item.

- Implement the Patient Satisfaction Survey in the family medicine areas.

- Begin ongoing discussions of Yavoriv management with Zhovkva, City No. 1, and Polyclinic No. 2.

- Pending availability of funds, utilize Yavoriv to field test the various "how to" manuals and other products developed by Zdrav*Reform*.

- Bring the Yavoriv management into the Zdrav*Reform* family of pilots.

E. Roll-out Activities

1. Background

One of the objectives of the Zdrav*Reform* Project is to assist L'viv Oblast to utilize the information, techniques and lessons learned from the Zhovkva Rayon in other rayons of the oblast. It would also be desirable to apply these techniques and the process to all of Ukraine, and the other states of the CIS. This process is termed "roll-out" and requires the development of a methodology and process of developing tools and techniques which the L'viv Oblast leadership can utilize themselves to make recommendations and effect change in the entire oblast health system.

The roll-out process is underway and has resulted in production of discrete products covering managerial, financial, clinical, cost, quality, as well as rationalization and restructuring of facilities and services. These products are being developed by Zdrav*Reform* in a series of "how to" booklets and brochures which will be available in late 1996.

2. Program/Product/Pilot Matrix and Framework

Outlined on the next two pages (Exhibit A) is a program/product matrix of the L'viv pilot sites. Each major product is listed in capital letters and the subproducts are listed in smaller type. An "X" is placed next to the product or subproduct which applies to the respective pilot.

This matrix is intended to give a framework to the process and to present the scope of the various products and how they have been applied in the L'viv Oblast IDS.

This matrix was very helpful in discussing the progress or non-progress of various programs with the pilot facilities. It was also helpful in discussing the possibilities of assistance to the Yavoriv Rayon, and should also prove helpful with USAID as well as evaluators attempting to understand the various programs/products and how they are applied at each pilot facility and interrelated with each other. The matrix was developed to assist USAID and *ZdravReform* management think through the various products as they might apply to roll-out rayons and facilities.

EXHIBIT A: ROLL-OUT PROGRAMS/PRODUCTS MATRIX

PILOTS:	SKOLE	ZHOVKVA	CITYNo. 1	POLYNo. 2
PRODUCTS:				
1. ALTERNATIVE PAYMENT SYSTEMS:	**X**	**X**	**X**	**X**
• Global Budgeting	x	x	x	x
• Capitation	x	x	x	x
• Case Based Payment				
• Interfacility Payments				
2. STRATEGIC PLANNING:		**X**	**X**	**X**
• Environmental Assessment		x	x	x
• Mission			x	
• Vision			x	
• Critical Issues			x	
• Strategies		x	x	x
• Strategic Mapping			x	
3. RATIONALIZATION:	**X**	**X**	**X**	
• Reducing Beds	x	x	x	
• Reducing LOS	x	x	x	
• Converting Facilities		x		
• Consolidating Facilities		x		
4. ORGANIZATIONAL RESTRUCTURING:	**X**	**X**	**X**	**X**
• Service/Bed Mix	x	x	x	x
• Shift IP to OP Services	x	x	x	
• Preventive Health Care (PHC)	x	x	x	x
• Primary Medical Care	x	x	x	x
• Family Medicine	x	x	x	x
5. MANAGEMENT RESTRUCTURING:		**X**	**X**	**X**
• Decentralize Authority		x	x	x
• IP/OP Physician Rotation		x	x	
• Salary Incentives			x	

PILOTS:	SKOLE	ZHOVKVA	CITYNo. 1	POLYNo. 2
6. FINANCIAL MANAGEMENT:	**X**	**X**	**X**	**X**
• Decentralize Budgets	x	x	x	x
• Managerial Accounting		x	x	x
• Cost Finding	x	x	x	x
• Pricing of Services	x	x	x	x
• User Fees	x	x	x	x
• Cost Management		x	x	x
• Priority Revenue Departments		x	x	x
• Internal Control		x	x	x
• Cash Control		x	x	x
7. QUALITY MANAGEMENT:		**X**	**X**	**X**
• Clinical Protocols		x	x	
• Clinical Pathways		x	x	
• Licensing & Accreditation		x	x	x
• Patient Focused Care			x	x
8. MARKETING MANAGEMENT:		**X**	**X**	**X**
• Privatization/Private Med.Practice		x		x
• Research		x	x	x
• Pricing		x	x	x
Patient Satisfaction Surveys			x	x
9. MANAGEMENT INFO SYSTEMS:		**X**	**X**	**X**
• Reporting		x	x	x
• Trend Analysis/Forecasting		x	x	x
• Computerization		x	x	
10. TRAINING & DEVELOPMENT:	**X**	**X**	**X**	**X**
• Micro-Economics	x	x	x	x
• Alternative Payment Methods		x	x	x
• Financial Mgmt. & Accounting	x	x	x	x
• Health Services Management		x	x	x
• Family Medicine Round Table	x	x	x	x
• Licensure & Accreditation		x	x	x
• Curriculum Development				

V. FINDINGS ON CURRICULUM DEVELOPMENT

The new economic environment in Ukraine, especially in the financing and delivery or health services, has required that LMU and OMU to move into new and different areas of education and training of medical practitioners. The need for more business- and economics-oriented physicians and especially Chief Physicians, has become a priority. However, due to Ukraine's economic situation, funds for development of new programs do not exist.

A. Background

A secondary objective of the consultant's trip was to assist the L'viv State Medical University (LMU) and the Odessa State Medical University (OMU) in the development of courses and programs in Health Care Management, Finance, and Economics. Both LMU and the OMU are large, integrated, educational institutions, with thousands of students, hundreds of faculty and numerous educational and training programs and courses in most medical and surgical specialties and subspecialties.

This consultant had completed the first part of this assignment in Odessa in June 1996 when he met with the Zdrav*Reform* staff and the OMU counterparts. At that time the OMU counterparts and Zdrav*Reform* staff felt that the project should continue and that collaboration between OMU and LMU was a key to the success of the project. Please refer to Attachment D in the Appendix for information and recommendations from the Odessa visit by this consultant**.**

B. Findings

Since the consultant's visit to Odessa in June, the LMU faculty representative (Dr. Yaroslav Bazylevych) and Zdrav*Reform* staff (Dr Borys Uspensky) have traveled from L'viv to Odessa to further collaboration with Dr. Kolodenko of OMU. Dr. Nancy Pielemeier, Zdrav*Reform* Director, met with Dr. Kolodenko last July and further verified the interest of both parties to collaborate and move forward with curriculum development, course materials, and training of trainers (faculty) of both universities. Since that visit, Odessa IDS manager Tom Wittenberg has arranged for Marty Makinen and Hop Holmberg to conduct a "training of trainers" session in late October. All parties are enthusiastic about collaboration. However, due to funding difficulties and other priorities, the project has been delayed.

Nevertheless, during his visit to L'viv, the consultant met with Drs. Uspensky and Bazylevych to discuss further possible Zdrav*Reform* assistance with curriculum development for the planned joint program of LMU and OMU. During this session they discussed the curriculum development needs, problems, costs and benefits of continued assistance of Zdrav*Reform*. While discussions are still underway between the two parties and nothing has been fully agreed, it looks as if the programs will be in the following areas:

C. Programs and Funding

The programs and courses will be in three major areas:

1) a one-year graduate course for new physicians, leading to a "magistrate" diploma;
2) a two-month retraining course for chief doctors, possibly leading to a "magistrate" diploma;
3) one- or two-week short courses on wide variety of topics for health care providers, leading to a certificate.

The faculty will be drawn primarily from the existing chairs and departments of LMU and OMU and possibly other institutions. The major focus would be the training and retraining of new and

existing physicians, chief doctors, and various other health providers. The major mission of the Institute would be the business, finance, and health management education of physicians and the changing of the mentality of chief doctors and all medical practitioners with regard to health reform in the new economic environment.

The funding for the programs and courses is proposed to be as follows:

1) one-year post-graduate training, by the Government;
2) two-month training, by the facility or sponsoring organization;
3) short courses by the facility or mixed funding, by LMU/OMU.

One-year Program

Considerable discussion has taken place between the two parties with regard to the course content of the one year program. While details of the content of each course are still under development by the two counterpart institutions, the basic outline for the program has been completed and appears in Exhibit B on the next page.

After discussions with counterparts on the broad topic areas, the consultant outlined possible topics and curriculum development areas for each of the major courses. These suggestions are based on the business orientation of health administration programs in North America and are taken from a variety of university course catalogues. The list is not meant to be exhaustive, but is meant to supplement the normal Ukrainian material with more free market, business-oriented subject matter and course material.

Exhibit B below outlines the draft Training Plan for Interns in Health Care Management and Organization for Medical High School graduates. The course comprises 1386 hours. This draft was developed byOMU's Institute of Health Care Management and Development and professors of LMU's Board of Health Care Management.

EXHIBIT B: THE ONE YEAR COURSE CURRICULUM

Health Care Management and Organization Curriculum: Number of Work Hours						
No.	**Course Description**	**Lecture**	**Practicum**	**Seminar**	**Tests**	**Total**
1	**Social-philosophical problems of medicine**	**40**	**28**	**4**	**-**	**72**
2	**Social medicine as the basis of management of Health Care**	**60**	**100**	**10**	**-**	**170**
3	**Theoretical concepts of management of Health Care**	**30**	**80**	**20**	**-**	**130**
4	**Psychological basis of management**	**40**	**80**	**30**	**-**	**150**
5	**Financial management and role of planning in Health Care Mngt.**	**50**	**120**	**30**	**-**	**200**
6	**Legal Basis of Mngt.**	**12**	**50**	**10**	**-**	**72**
7	**Informational supply of Health Care Mngt.**	**10**	**58**	**10**	**-**	**72**
8	**Marketing in Health Care Systems**	**8**	**60**	**6**	**-**	**74**
9	**Applied Management in Health Care**	**30**	**270**	**8**	**-**	**400**
10	**Development of financial projects for Health Care Systems**	**10**	**100**	**10**	**-**	**120**
11	**Projects defense and final conference**			**12**	**-**	**12**
	Total:	**290**	**946**	**150**		**1386**

Generalized course curriculum descriptions for each major course is provided on the next few pages. It is impossible to outline specific course content due to the nature of the material and the special needs of each institution as well as the variety of materials and the needs of various faculty members.

1. Social-Philosophical Problems of Medicine

This course would show how the social issues affect the health status of the population and how the health status of the population affects the social life of the nation. It would cover philosophical problems with respect to the social role of health care providers, the relationship of the population with the medical community, as well as the interrelationship between health providers (rayon, oblast, dispensaries, primary care, secondary care, and tertiary care providers). Special attention would be placed on integrated, synthesized, public health social work philosophy; roles, function,

knowledge, skills for practical application to major contemporary social health problems including social epidemiological, conceptual problem analysis, and community intervention.

2. Social Medicine as the Basis of Management in Health Care

This course would cover the basic rules of social life in relationship with the provision of health care services. It would highlight the principles of social rules, social relationships, and social behavior as they apply to the management of health care organizations. Special attention would be placed on cultural sensitivity regarding public health practice and individuals' health behavior, impact of cultural diversity on health behaviors, social dimensions of health, illness, and disease as well as fundamental principles of health conservation and disease prevention.

3. Theoretical Concepts of Management in Health Care

This course would cover the theory of management as it relates to the operations and management of health care facilities and health care systems. The topics covered would be the various role of health care services administration, principles of management, the management process (planning, organizing, staffing, directing, and controlling), and the administration processes and related topics to the theoretical aspects of facilities and public health program management.

4. Psychological Basis of Management

This course would cover the psychological aspects of management including the major theories and principles of individual personality and group behavior, attitudes, job satisfaction, motivation, work behavior, roles, communication, power, politics, conflict, cooperation, and leadership in organizational settings. The course would survey the major theory and research in the field as it applies the knowledge to the task of problem solving by mangers in organizations in the new economic environment. Special attention would be given to leadership styles and leadership behavior with focus on the necessary psychological understanding of personnel behavior in an organizational setting.

5. Financial Management and the Role of Planning in the Health Care System

This course would cover the accounting and financial management aspects with respect to design and development of planning and control system in health care systems. It would include accounting issues (liabilities and asset management, budget development, cash management, managerial accounting, cost/benefit analysis, risk/return analysis, and capital acquisition topics) and processes for health care organizations with emphasis on hospitals and ambulatory care services (including total financial requirements, cost finding methodologies, pricing strategies, third-party payer negotiations, internal control, cash control, internal and external reporting requirements and reporting), as well as alternative payment systems and insurance medicine. It would also cover various related issues of health economics—both microeconomic applications to consumer and producer behavior under different assumptions about market structure, and health behaviors as they apply to the population.

6. Legal Basis of Management

This course would cover the various topics related to the basic concepts of the law, legislative processes, legal basis for existence, and administration of public health and hospital programs, legality of ownership, governance, patients rights, informed consent, medical/moral problems, malpractice, tax laws, labor law, regulation, and institutional liability as they related to the management of health care institutions and public health care programs. It would include the basis and development of contracts, negotiations, conflict resolution, the legal aspects of current public health issues and controversies, and the regulatory role of government in the provision of health service systems.

7. Informational Supply of Health Care Management

This course would cover the information needs and techniques of modern management information systems. It would include the role of information services department, issues in managing information systems, politics of information and information systems, planning and evaluation of information and information systems, roles and perspectives of top, functional, and management mnformation systems, maintenance and operations of centralized and decentralized management information systems, project management, delivery of technology and related services.

8. Marketing in Health Care Systems

This course would cover the topics of modern marketing principles, concepts, and techniques as they apply to management of medical facilities and public health systems. Managing marketing functions, marketing planning, research, pricing sensitivity and strategy, and management concepts, identification of marketing problems, and opportunities, construction and facility design, evaluation, the changing role of marketing in the new environment, and the management of a marketing plan would be the special focus of the group.

9. Applied Management in Health Care Systems

This course would cover the major topics in the operations management of health facilities with a special focus on human resources in an organizational context. It would introduce the major theories, principles, and concepts and would focus primarily on the practical side of getting things done in the new environment. The special focus would be organizational performance and how to keep organizations viable, exciting, and performance-oriented, and planning change in order to solve managerial and organizational problems as leaders of health institutions.

10. Developing of Financial Projects for Health Care Systems

This would be the identification, developmental analysis, problems solving, and recommendations on a real life problem in the finance or economics areas in an actual field setting, and would be both a series of practicums and lecture sessions focused on contemporary issues.

11. Projects' Defense and Final Conference

This course is the final seminar and defense of the student's major project of the course and would be devoted to selective problems and current issues in public health and hospital management and would be independent study under the guidance of a tutor.

SHORT COURSES

During the first consultant trip to Odessa, the list of short courses, using predeveloped materials by Zdrav*Reform* was developed and appears in the appendix of this report. See Attachment D.

D. Recommendations

Outlined below are the various recommendations coming out of both the first consultant visit in Odessa and the second visit in L'viv:

1. The Zdrav*Reform* Program has conducted a number of courses in health care financial management, health economics, health service management, alternative payment system, and other areas. (See the Appendix for a list of course and course content.) These course materials are available in Russian, some in Ukrainian, and all in English. These course materials should be provided to LMU and OMU at no charge in order to allow them to begin organizing the materials for short courses and for introduction into some of the courses in the one-year program.

2. Discussion with counterparts has shown that they find the workshops conducted by *ZdravReform* to be the best they have ever attended. The workshop technique of individual and small group participation has been the key to the success of these programs. It is the interactive technique and role-playing methods that are sought after, as well as some of the case study material and group discussion exercises. These methods should be the major focus of the training for trainers

3. The American Internation Health Alliance (AIHA) has developed 21 modules of introductiory management course material available in Russian and English. This information should be procured by Zdrav*Reform* and given at no charge to LMU and OMU.

4. A few copies (four copies) of major textbooks in health care marketing, health care operations, health care Systems management, health Care policy and organization, and health care insurance/managed care should be procured from American or European universities and given to LMU and OMU. Estimated cost to Zdrav*Reform* would be approximately $1,000-$1,200 (four copies of five courses @ $50 per textbook) plus postage or handling fees. See Attachment E in Appendix for recommendations.

5. Funds should be allocated for 4-5 sessions of workshops on "Training for Trainers." These sessions should be (1) spread over the period of 6-9 months in 1997 and could be added on to the prescheduled visits of related consultants, or (2) conducted between October and December 31, 1996, for four straight weeks by one consultant teaching other Ukrainian trainers while conducting

the four short courses now available. Estimated cost to Zdrav*Reform* would be approximately $25,000-$35,000 ($7,500 per week per consultant not including travel costs).

6. Tom Wittenberg, IDS Manager in Odessa, should be given the funds and the responsiblity to see that this curriculum development process and trainer for trainers is implemented expeditiously.

VI. EVALUATION

The implementation of our recommendations should promote each of the following goals of the Zdrav*Reform* Program in Ukraine:

Target B(1): The number of hospital beds should decline from its current level of 725 beds (already down from 795 beds in 1994) to 675 beds by June 1996 (with the closing of Dubrosyn and Giyche Hospitals) and to 610 beds by the last quarter of 1997 (with the closing of Maheriv and Dublyany Hospitals).

Target B(2): The effects of the new per capita financing system in the oblast, together with the continuous quality improvement system we have proposed for the two rayon-level facilities (Zhovkva and Rava Rus'ka), should result in reductions in the ALOS, from their 1994 level of 15.0 to 13.5 by the last quarter of 1996.

Target B(3): The closing of inpatient facilities in four town hospitals in Zhovkva rayon and their conversion to ambulatory care facilities should result in a significant increase in the orientation of the health system away from hospital care and toward primary care. This should result in a decrease in the number of hospitalizations (discharges per 1000 population) from their 1994 level of 155 to 140 by the last quarter of 1996. The proportion of the rayon budget allocated to hospitals should decrease from 96 percent in 1994 to 92 percent in June 1996 (with the closing of inpatient facilities at Dubrosyn and Giyche Hospitals) to 81 percent by the last quarter of 1997 (with the closing of inpatient facilities at Maheriv and Dublyany Hospitals).

Target B(7): Two rayon-level health care facilities (Zhovkva and Rava Rus'ka) should have continuous quality improvement processes in place by the end of 1996.

VII. TRIP ACTIVITIES:

September 7/8: Traveled from Philadelphia to L'viv via Frankfurt and Warsaw Met with John Stevens, IDS Manager, to discuss work plans, activities and priorities.

September 9: Met with John Stevens, Borys Uspensky, and Dr. Strouk, Medical Consultant, who outlined the key issues and parameters of the Yavoriv Rayon.

September 10: Traveled to Hospital No. 1 and met with Dr. Jamma Jafarova, Chief Doctor, and Svetlana Bytchenko, Chief Economist, who outlined priorities and progress on various issues.

September 11: Traveled to Yavoriv Rayon and met with Dr. Emily Markiv, Chief Doctor, and her staff on possible collaboration of Zdrav*Reform* with Yavoriv Rayon.

September 12: Traveled to Zhovkva Rayon and met with Dr. Yevhen Mykula, Deputy Chief Physician, and discussed priorities and progress of the pilot .

September 13: Traveled to L'viv Polyclinic No. 2 and met with Dr. Vadim Olynik, Deputy Chief Physician, Chief of Surgery, and Deputy Chief of Family Medicine, and discussed issues, progress, priorities, and strategic planning for the facility.

September 14/15: Worked on various issues identified in the previous few days.

September 16: Worked on Yavoriv data analysis, and reporting, as well as roll-out products and product 1.D.

September 17/18: Traveled to City No. 1 and Poly No. 2 and met with counterparts to review status of project implementation, problems, and constraints.

September 19/20: Met with Dr. Basilevich on curriculum development and Dr. Viacheslav Veres, Zhovkva Rayon Chief Doctor, on plans and progress.

September 21/22: Worked in the Abt Office on the recommendations, data analysis and presentation, trip report preparation and other project related activities.

September 23/24: Traveled to Yavoriv to visit the Rayon Chief Physican and staff, and traveled with USAID representative to CityNo. 1, PolyNo. 2, Zhovkva Rayon.

September 25: Worked in the office on the findings and recommendations, trip report and various related issues regarding the IDS and the project.

September 26/27: Traveled from L'viv to Philadelphia via overnight in Frankfurt.

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B. PERSONS CONTACTED

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Jemma Jafarova, Chief Doctor, L'viv City Hospital No. 1

Svetlana Bychenko, Chief Economic Director, L'viv City Hospital No. 1

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Taras Sheremeta, Chief of Surgery, Liviv Polyclinic No. 2

Deputy Chief of Family Medicine, L'viv Polyclinic No. 2

Alla Zelinska, Chief Economist, L'viv Polyclinic No. 2

Emily Markiv, Chief Physician, Yavoriv Rayon

Deputy Chief Doctor, Yavoriv Rayon

Yaroslav Bazylevych, L'viv Medical University

C. LIST OF ACRONYMS

A/LOS	(Average) Length of Stay
CIS	Consortium of Independent States
ECG	Electrocardiography
FOU	Felsher Obstetric Unit
GP	Group Practice or General Practioner
IDS	Intensive Demonstration Site
IP	Inpatient
IS	Information Systems
LMU	L'viv Medical Uniersity
MIS	Management Information Systems
MOF	Ministry of Finance
MOH	Ministry of Health
OHD	Oblast Health Department
OMU	Odessa Medical University
OP	Outpatient
PAC	Physicians Ambulatory Center
PHC	Primary Health Care
PT	Physical Therapy Department
STD	Sexually Transmitted Disease
TB	Tuberculosis
USAID	United States Agency for International Development
VAT	Value Added Tax

IX. ANNEXES

ATTACHMENT A. Consultant Scope of Work

NAME: George P. Purvis

DATES OF VISIT: September 7-26, 1996

COLLABORATING ZDRAV*REFORM* TEAM MEMBERS: John Stevens

WORK SITES: Zhovkva Rayon, Ukraine

LOCAL COUNTERPARTS: Head Physicians and local Department responsibles

TASKS:
1. Continue assistance in the implementation of recommendations submitted to the Zhovkva Rayon Health Administration after the March/April 1996 site visit;
2. Assist the L'viv City Hospital No. 1 Administration in revising the strategic plan to include organizational and operational restructuring;
3. Assist the L'viv City Polyclinic No. 2 Administration in developing a strategic plan to assist restructuring and reorganization.
4. Initiate a plan and discuss possibilities of assistance with the Yavoriv Rayon;
5. Incorporate the restructuring experience of the three pilots into the final revision of the Product I.D. for dissemination in November
6. Continue the curriculum development of health management, finance, and economics with the L'viv State Medical School and the Odessa Medical University.

OUTPUTS:
1. Trip Report including roll-out products and pilot progress;
2. Final Version of Product I.D.

BACKGROUND OF THE CONSULTANT:

George P. Purvis, M.B.A., is an international health and hospital management consultant who has worked in twenty countries in Europe, Asia, and Africa over the last twenty years. Originally trained as an industrial engineer, with an MBA in Finance, he has spent his entire career working on the issues of revenue, cost and quality in health and medical institutions and with governments. He has held positions as Chief Financial Officer, Chief Operations Officer, and Chief Executive Officer for a number of domestic and international health care organizations, as well as being a consultant to physician offices, hospitals, polyclinics, PHC programs, developmental foundations, and Ministries of Health. He is a Fellow of both the American College of Healthcare Executives (ACHE) and the Healthcare Financial Management Association (HFMA).

ATTACHMENT B. Yavoriv Rayon Description and Background Statistics

Geographical Position
Yavoriv occupies the northern-west of the L'viv Oblast. On the west it borders with Poland, on the south with Mostyska and Horodok rayons and in the north with Zhovkva rayon.

Geographical Characteristics
Yavoriv rayon belongs to the Pre-Capathean region. It is plain, hilly in some areas; the soil is mostly infertile, sandy grounds prevail.

Vegetation - coniferous woods (pine-trees)

Agriculture
Cattle-breeding, vegetables, technical plants—used to be famous for growing flax. At the moment this industry in the state of severe decline.

Industry
The territory has extensive deposits of sulfur, thus the major industry is "Sirka" (Sulfur) enterprise. Extraction is done with the open method and by underground melting. This industry has an adverse effect on the quality of environment. Yavoriv rayon is considered to be a zone of ecological disaster. Other industries of the rayon include wood-processing (Yavoriv and Ivano-Frankovo) and construction materials.

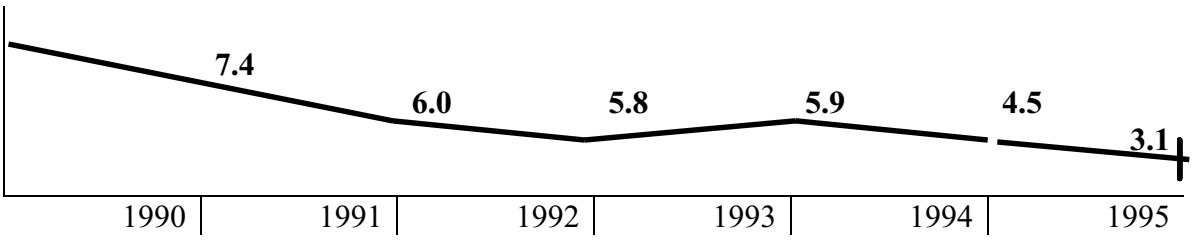
Population (January 1, 1996)
Total 124,500. Urban population 56,700; 45.5%. Rural population 67,800; 54.5%.

Special Features of the Rayon
In the east Yavoriv borders with L'viv and Ivano-Frankovo zone and is, in fact a L'viv suburb. Military training grounds occupy a considerable area, thus the western and southern areas are more densely populated.

Demographical Situation

Indicators	**1994**	**1995**
Birthrate (per 1000 people)	14.2 (1753 children)	13.5 (1678 children)
Mortality (per 1000 people)	9.73 (1202 people)	10.4 (1294 people)

ATTACHMENT C. L'viv Oblast Health Statistics
Natural Increase in Population



Facilities and Beds

Hospital	No. beds	Specialties
Yavoriv Central Rayon Hospital	200	Ther.-60, Ped.-30, Surg.-40, Eye (inter-regional)-35, Gyn.-30, Obst.-25
Novoyavorivsk	410	Ther.-60, Ped.-50, Inf.-60, Card.-40, Surg.-40, Traum.-40, Urol.-40, Gyn.-30, Obst.-50
Ivano-Frankovo	100	Ther.-50, Neuropathology-50
Nemyriv	100	Rehabilitation -60, Ther.-40 including 10 Gerontology
Dispensaries: Krakovets (Dermato-venerologic)	40	
Tuberculosis	60	
Felsher - Obstertrics Units	51	
Rural Physician Ambulatories	10	

Hospital Catchment Areas

Hospital	Population	Ambulatories	Catchment Area
Yavoriv CH	10 000	5	Nahachiv, Rohizno, Prylbychy, Krakovetz, Lubyni
Novoyavoriv RH	1000	2	Berdahiv, Starychi
Ivano-Frankovo RH	1280	3	Ryasne, Birky, Dobrostany
Nemyriv LH	6900		

Feldsher Ambulance Units

1. Yavoriv	4 teams
2. Novoyavoriv	4 teams
3. Ivano-Frankovo	4 teams
4. Nemyriv	4 teams
TOTAL	16 teams

Medical Staff

Staff	Total	Employed in hospitals	In Sanitary-Epidemiologic Stations	Dentists
Physicians	220	197	19	4
Nurses	737	698	36	-

Physician positions are filled insufficiently

Rural Physician Ambulatory	FTE	Filled Positions
Nahachi	3.5	3
Rohizno	3.0	1 therapist + 1 dentist
Krakovetz	5.0	2
Prylbychy	2.5	1(pediatrist)
Starychy	3.0	2
Dobrostan	3.0	1.5
Ryasna-Ruska	3.0	3.0
Berdyhiv	3.0	2.0
Lubyni	3.5	2.0
Birky	3.0	3.0

The number of permanent residents of L'viv Oblast on the January 1 1996

Rayons, cities, towns	Total No. of the population	Population	
		Urban	Rural
Yavoriv rayon	124.5	56.7	67.8
Yavoriv (city)	14.3	14.3	-
Novoyavorivsk (city)	28.9	28.6	0.3
Ivano-Frankovo (town)	6.4	5.4	1.0
Krakovets (town)	3.6	1.2	2.4
Nemyriv (town)	3.2	1.9	1.3
Shklo (town)	5.6	5.3	0.3

Mortality

	Mortality per 1000 people		Died in hospital		% for urban population		% for rural population	
	94	95	94	95	94	95	94	95
Zhovkva Rayon	12.8	14.0	10.2	10.7	25	26.7	75	73.3
Skole Rayon	12.8	12.8	15.9	15.2	24.3	28.1	75.7	71.9
Yavoriv Rayon	9.7	10.4	12.1	10.1	32	31.7	67.8	68.2
Oblast Rayons	13.5	13.9	11.5	11.1	23.1	23.5	76.8	76.5
L'viv Oblast	11.8	12.3	15.7	15.0	49.5	50.3	50.5	49.7

Mortality	Childen	15-17 %	Working age	Under 70%	Above 70 %

	under 14. %				%					
	94	**95**	**94**	**95**	**94**	**95**	**94**	**95**	**94**	**95**
Zhovkva Rayon	2.6	3.1	0.07	0.6	19.0	19.2	26.6	22.7	53.6	54.4
Skole Rayon	3.1	2.8	0.16	0.16	21.0	18.9	29.7	29.2	46.0	48.9
Yavoriv Rayon	3.5	3.1	0.42	0.31	18.6	21.7	21.7	23.7	55.2	54.1
Oblast Rayons	2.3	2.4	0.23	0.24	19.08	23.0	23.0	23.3	55.7	54.9
L'viv Oblast	2.2	2.2	0.27	0.26	22.2	24.1	24.1	24.3	51.9	51.0

Main Causes of Mortality (per 1000 people)

	Malignant formations		**Circulatory disorders**		**Respiratory disorders**		**Digestion disorders**		**Traumas and poisonings**	
Area	**94**	**95**	**94**	**95**	**94**	**95**	**94**	**95**	**94**	**95**
Zhovkva Rayon	1.14	0.99	7.5	8.5	1.7	1.9	0.37	0.38	0.59	0.67
Skole Rayon	1.4	0.93	4.3	5.0	2.4	2.6	0.42	0.20	1.08	1.03
Yavoriv Rayon	1.16	1.06	5.6	6.7	1.6	0.9	0.13	.15	0.72	0.62
Oblast Rayons	1.39	1.36	7.4	7.9	1.7	1.6	0.3	.32	0.76	0.76
L'viv Oblast	1.43	1.44	6.5	7.0	1.16	1.16	0.3	.36	0.78	0.77

Mortality of the Population in First Half of 1996 as Compared to First Half of 1995

Area	1995	1996	Dynamics
Zhovkva Rayon	7.0	7.84	++
Skole Rayon	6.8	6.82	+
Yavoriv Rayon	5.25	5.27	+
Oblast Rayons	7.21	7.34	+
L'viv Oblast	6.4	6.3	-

	Urban		Rural	
Area	1995	1996	1995	1996
Zhovkva Rayon	5.57	5.61	7.8	8.97
Skole Rayon	7.2	5.7	6.6	7.2
Yavoriv Rayon	3.7	3.1	6.5	7.0
Oblast Rayons	5.4	5.0	8.0	8.4
L'viv Oblast	5.4	4.9	8.0	8.4

Mortality in the Working Age (per 1000 of the working age population)

Area	1995	1996
Zhovkva Rayon	2.55	2.48
Skole Rayon	2.93	2.44
Yavoriv Rayon	1.86	1.75
Oblast Rayons	2.60	2.52
L'viv Oblast	2.52	2.35

Beds Distribution

	1992	1993	1994	1995
Total No. of Beds		30144	29732	27465
Zhovkva Rayon		795	795	725
Skole Rayon		505	500	385
Yavoriv Rayon	1090	1060	1030	930

Age and Sex Structure of the Yavoriv Rayon Population at beginning of 1996

Age in years	Population in total			Urban Population			Rural Population		
	Both sexes	Male	Female	Both sexes	Male	Female	Both sexes	Male	Female
1-4	9687	5057	4630	4453	2361	092	5234	2696	2538
5-9	11774	6046	5728	5338	2797	2541	6436	3249	3187
10-14	11811	6044	5767	6065	3102	2963	5746	2942	2804
15-19	9570	4964	4606	5172	2719	2453	4398	2245	2153
20-24	8280	3983	4305	4290	2163	2127	3998	1820	2178
25-29	8501	4073	4428	3439	1473	1966	5062	2600	2462
30-34	11404	5923	5381	5477	2704	2773	5927	3219	2708
35-39	10490	5417	5073	5801	2902	2899	4689	2515	2174
40-44	7442	3775	3667	4275	2151	2124	3167	1624	1543
45-49	5470	2673	2797	3035	1484	1551	2435	1189	1246
50-54	5097	2422	2675	2406	1212	1196	2689	1210	1479
55-59	5936	2629	3307	2073	977	1096	3863	1652	2211
60-64	5866	2390	3476	1533	662	871	4333	1728	2605
65-69	4874	1719	3155	1335	513	822	3539	1206	2333
Total	124408	59519	64889	56640	27783	28857	67768	31736	36032
1*	8198	2404	5794	1946	563	1383	6252	1841	4411
2*	35420	18221	17199	17028	8845	8183	18392	9376	9016
3*	66743	34785	31958	33702	17200	16502	33041	12585	15456
4*	22245	6513	15732	5310	1758	4172	16335	4775	11560
5*	24428	12043	12385	12057	5958	6039	12371	6085	6286
6*	0	0	0	0	0	15893	0	0	14464

1* People of 70 and above
2* People under working age
3* People of the working age
4* People above working age
5* People from 15 to 28
6* Women from 15 to 49

ATTACHMENT D: Roll-out Programs/Products for L'viv

PILOTS:	SKOLE	ZHOVKVA	CITY HOSP No.1	POLY No. 2	YAVORIV
PRODUCTS:					
1. ALT. PAYMENT SYSTEMS:	**X**	**X**	**X**	**X**	**X**
• Global Budgeting	x	x	x	x	x
• Capitation	x	x	x	x	x
• Case Based Payment					
• Interfacility Payments					
2. STRATEGIC PLANS:		**X**	**X**	**X**	**X**
• EnvironAssessment		x	x	x	x
• Mission			x		x
• Vision			x		x
• Critical Issues			x		x
• Strategies		x	x	x	x
• Strategic Mapping		x	x		
3. RATIONALIZATION:	**X**	**X**	**X**		**X**
• Reducing Beds	x	x	x		x
• Reducing LOS	x	x	x		x
• Converting Facilities		x			x
• Consolidating Fac's		x			x
4. ORGANIZATIONAL RESTRUCTURING:	**X**	**X**	**X**	**X**	**X**
• Service/Bed Mix	x	x	x	x	x
• Shift IP to OP Svc's	x	x	x	x	x
• Preventive Health	x	x	x	x	x
• Primary Medical Care	x	x	x	x	x
• Family Medicine	x	x	x	x	x
5. MANAGEMENT RESTRUCTURING:		**X**	**X**	**X**	
• Decentralize Authority		x	x	x	x
• IP/OP Phys. Rotation		x	x		x
• Salary Incentives		x	x		x

PILOTS:	SKOLE	ZHOVKVA	CITY HOSP. No.1	POLY No. 2	YAVORIV
6. FINANCIAL MGMT:	**X**	**X**	**X**	**X**	**X**
• Decentralize Budgets	x	x	x	x	x
• Managerial Account.		x	x	x	x
• Cost Finding	x	x	x	x	x
• Pricing of Services	x	x	x	x	x
• User Fees	x	x	x	x	x
• Cost Management		x	x	x	x
• Internal Control		x	x	x	x
• Cash Control		x	x	x	x
7. QUALITY MGMT:		**X**	**X**	**X**	**X**
• Clinical Protocols			x		x
• Clinical Pathways		x	x	x	x
• License & Accredit		x	x	x	x
• Patient Focused Care			x	x	x
8. MARKETING MANAGEMENT:		**X**	**X**	**X**	**X**
• Private Medicine		x		x	x
• Research		x	x	x	x
• Pricing		x	x	x	x
• Satisfaction Surveys			x	x	x
9. MGMT INFO SYSTEMS:		**X**	**X**	**X**	**X**
• Reporting		x	x	x	x
• Trend Analysis		x	x	x	x
• Computerization			x		x
10. TRAINING & DEVELOPMENT:	**X**	**X**	**X**	**X**	**X**
• Micro-Economics		x	x	x	x
• Alternative Pay Methods		x	x	x	x
		x	x	x	x
• Financial Mgmt/Acct		x	x	x	x
• Health Services Mgmt		x	x	x	x
• Family Medicine RT	x	x	x	x	x
• License & Accredit		x	x	x	x
• Curriculum Develop					

ATTACHMENT E. Findings and Recommendations, Odessa Consulting Report

Some of the findings from the first trip to Odessa are repeated here for the purpose of continuity and reference:

The Odessa Medical University (OMU) is a large, integrated, educational institution with approximately 4000 students and 700 faculty. It offers education and training in 54 different medical and dental specialties.

The leadership of the OMU recognizes the need for training in health care management and is beginning to develop effective course and programs to meet this need. It has set up an "Institute of Development and Management of People's Health Protection". The mission, basic tasks and objectives, organizational structure, rights and commitments, as well as general regulations of the Institute are outlined in the Appendix Section of the Odessa Trip Report of June 1996.

In a meeting in February 1995 between Zdrav*Reform* personnel and OMU's Dr. Karpovsky, the following was described: "An economics and management training program including a two-year program consisting of 10 courses, including 126 hours of management and 36 hours of banking, bookkeeping, and accounting. Each class will consist of 60 students, either newly graduated physicians or practicing professionals. The faculty of nine professors will include five from the Odessa Academy of National Economy (ANE); one from the Moscow Management Institute, who specializes in health care management; and one lawyer. The faculty helped to design the curriculum. Year One will consist of six months of lectures, five of practical training; in Year Two, there will be four months of lectures and seven of practical training. Practical training will be arranged by the Oblast Health Department and take place in hospitals. OMU has adequate written materials for some courses, but not all."Meetings with key counterparts during this consultants visit led to further clarification and discussion of the mission, objectives, and needs of the Institute. These follow:

a. The programs and courses will be in three major areas:

1) Post-Graduate Course of One Year Duration for new physicians leading to a diploma.
2) Retraining Course of Two Months Duration for Chief Doctors leading to a "magistrate" diploma
3.) Short Courses on wide variety of topics for Health Providers leading to a certificate

b. At present there are no faculty within the Institute. The faculty will be drawn primarily from the existing chairs and departments of OMU and possibly some other institutions. The faculty presently number approximately 700, with 110 professors, 350 assistant professors, and the remaining positions being teachers/lectures. The OMU is presently in a state of restructuring and the exact faculty to be assigned is still unclear.

c. The major focus of the Institute would be the training and retraining of new and existing physicians, chief doctors, and various other health providers. The major mission of the Institute would be the economic education of physicians and the changing of the mentality of chief doctors and all medical practitioners with regard to health reform in the new economic environment.

d. The funding for the programs and courses is proposed to be as follows:

1.) Post-Graduate Training by the Government;
2.) Two Month Training by the facility or sponsoring organization;
3.) Short courses by the facility or mixed funding by OMU.

e. There has been some discussion with the Rector that the Institute would also do health economics research and consulting, especially in the areas of improving the health status of the population.

f. There is a strong desire to coordinate and collaborate the programs and courses with the Management Institute in L'viv and attempts were being made to bring the two parties together during the consultant's second meeting with the counterparts.

g. The major immediate need is to begin the implementation of the Institute by conducting short courses in health reforms in the new economic era. **The major obstacles appear to be course content, curriculum development, training of trainers, materials, and other resource needs.**

LONGER TERM COURSES

A. THE TWO MONTH MANAGEMENT COURSE

Exhibit A also contains the outline for a Two Month "Curriculum of Precertification Training Course: Actual Issues of Organization and Health Care Management" provided for managers of health facilities and sanitary-epidemiological institutions. It contains five modules of instruction and testing. In reviewing the title of the modules, the consultant believes that some of the information from the short courses, listed above, could also be utilized in this course. This could be supplemented by textbook information from North American and European University Programs, WHO, UNICEF, and other international education and training organizations, all of which have readily available materials.

B. THE ONE YEAR COURSE

At the time of writing this trip report the curriculum for the proposed One Year Post Graduate Course at the Institute was not available or translated. Consequently, it is difficult to comment on the contents of the program.

Outlined below is a discussion of programs in Health Services Administration in North America and how they might relate to the program and course material for the OMU Institute of Development and Management.

Using the **AUPHA 1996-1998 Directory of Programs in Health Services Administration Education** as a reference guide (see Appendix), and the consultant having previously been a

student and a faculty member in two university programs in North America, the following discussion is presented:

Most programs in Health Services Administration in North American are conducted at the post-graduate level and lead to a Master's Degree. However, there are also a number of universities that offer undergraduate degrees and doctoral degrees, as well as executive programs and continuing education short courses in a variety of related health administration areas. There are approximately 150 colleges and universities offering higher education in health services administration. Many of the programs at the Master's level are conducted by the university's School of Business Administration, School of Public Health, or College of Medicine.

"Professionals in a variety of roles serve as health service administrators in hospitals, HMO's, clinics, and other organizations that provide or manage health care. A health services manager may have the title of Director of Financial Planning, System Analyst, Director of Medical Resource Management, Special Project Administrator, Quality Assurance Coordinator, Director of Marketing and Program Development, Public Relations, and Chief Executive Officer. Health Service administrators work for hospitals, HMO's, the government, mental health facilities, community health centers, consulting firms, nursing homes, or one of many other types or organizations."

As the post-graduate programs in North America are most relevant to the OMU Institute of Development and Management, the consultant has limited discussion to Master's-level programs:

Approximately 70 college and universities in North America offer Master's level programs in health services administration, and approximately 25 offer executive and continuing education short course programs. The AUPHA is an accrediting organization and lists some 250 related college and universities worldwide that offer courses or programs in health services administration (see Appendix).

A few colleges offer a one-year post-graduate Master's-level program, but most accredited programs are now two-year programs, which include an internship, residency or field experience of 3-12 months. A typical two-year program consists of four semesters of 14 weeks duration, with four courses each semester, at four credits per course. Each course meets for four hours of classroom instruction per week (yielding a total of approximately 16 hours of classroom time per week) for each 14-weeks semester. It is intended that students will devote a total of approximately 60 hours per week of classroom and outside preparation time to the program.

PROGRAM DESCRIPTION OF TYPICAL TWO-YEAR PROGRAM:

A. Possible Prerequisite Courses:

- Accounting for the Health Care Manager
- Medical Care Organization
- Information Resource Management for Health Care Organizations
- Mathematical Analysis
- Fundamental Statistics for Business and Economics
- Management Theory

- Principles of Economics
- Epidemiology

B. Core Courses

- Economics and Financing of Health Care
- Legal Aspects of Health Care
- Organization and Administration of Health Care Institutions
- Decision Making and Control Systems for Health Administration
- Public Health and Community Medicine
- Managerial Accounting for Health Care Administrators
- Strategic Marketing of Health Care Services
- Policy Formulation and Strategic Management for Health Care Programs
- Human Resources and Personnel Management

C. Electives

The student would be permitted to select two electives in Health and Medical Services Administration or another related area of interest.

D. Clerkship/Internship/Residency

Some type of field experience is required, part time or full time, where the student is actually working in a health care institution under the direction of an experienced health management professional. The time commitment could be from 3-12 months and would required field research, written assignments, and is often related to the requirements of producing a thesis.

E. Materials and Other Resources

In order to assist the Institute of Development and Management to begin the one-ear post-graduate program, Zdrav*Reform* could secure a few copies of textbooks, the AUPHA guide, course outlines, content, and various materials required at relatively little expense which could greatly assist with implementation of the program.

SHORT COURSES:

The Zdrav*Reform* program has conducted a number of courses in health economics, health finance, accounting, health services management in a number of CIS countries. Course materials are available in English and most have been translated into Russian and some in Ukrainian. These courses and the course materials would be an excellent beginning for the Institute and with some funds expended for developing a course of "training of trainers (faculty)" the proposed faculty of the Institute could begin to offer and teach these courses to the intended audience(s).

The titles and course content of the course s conducted by *ZdravReform* are as follows:

1. Health Economics Course (16 modules)

- Introduction to Microeconomics: Definitions and Concepts
- Introduction to Microeconomics: Supply and Demand
- Introduction to Microeconomics: Producer Cost and Theory I
- Introduction to Microeconomics: Producer Cost and Theory II
- Health Demand Survey
- Data for Decision Making
- Economic Evaluation Methods I
- Economic Evaluation Methods II
- Markets and Market Failure (I and II)
- Health Insurance (I and II)
- Comparative Health Systems
- Payment Methods
- User Fees
- Capital Costs and Financial Feasibility of Investments

An **Introduction to Health Economics** under the HFS I Project is also available.

2. Health Care Financing: Alternative Payment Methods Course (9 modules)

- Health Care Financing: Understanding Alternative Payment Methods - Introduction
- Glossary of Terms
- Line Item Budgeting
- Global Budgeting
- Capitation
- Case Mix - Adjusted Payment for In-Patient Care
- Case Mix - Adjusted Payment for Out-Patient Care
- Fee for Service
- User Fees
- Evaluating Country Examples of Alternative Payment Systems
- Readings List and various articles from a number of countries

3. Effective Management of Health Care Services Course (6 modules)

- Introduction to Health Services Management
- Management of Health Care Facilities and Services
- Decentralization and Autonomy in Health Care Organizations
- Human Resources and Personnel Management
- Health Facilities Management
- Marketing and Competition in Health Management

4. Financial Management and Financial Accounting Course(9 modules)

- Introduction to Financial Management

- Glossary of Terms
- Budget Applications
- Budget Preparation and Development
- Cash Management for User Fees
- Cost Accounting Workshop and the Costing Process
- Designing Effective Cost Accounting Systems
- Financial Feasibility and Break-Even Analysis
- Designing and Implementing of Financial Management Control System

5. Health Facility Licensing and Accreditation

This is a course developed for establishing standards for Licensing and Accreditation of Health Facilities (the contents can be procured from Greg Becker in Bethesda).

6. Others

The consultant is aware that Zdrav*Reform* has developed other courses and materials for Russia, Kazakstan, Kyrgyzstan, and other countries. A variety of management course information in English and Russian is also available through AIHA. This information consists of 21 modules, primarily continuing education materials on general management topics including leadership, group process, training of trainers, evaluation process, decision making, case studies, team building, and a variety of other management topics. This information is available through AIHA.

SPECIFIC RECOMMENDATIONS BY RESPONSIBLE PARTY:

Abt/Bethesda:

1. Procure course catalogues from 5-10 major North American and European universities with Master's level programs in health services administration (University of Pennsylvania, Johns Hopkins University, Ohio State University, Universtiy of Michigan, University of Minnesota, George Washington University, and see AUPHA Guide for Europe) which would provide a list of the courses and course content.
2. Identify a major European and North American university with international exposure and international programs and students that might be willing to work with OMU and share various course syllabus, suggested textbooks, course materials, and possibly faculty with OMU. A possibility in the United States might be The Johns Hopkins University or the University of Minnesota
3. Procure course textbooks in the various courses identified from the university selected above.
4. Secure a list of the various short term courses now available in Russian or Ukrainian now existing in Bethesda, and a separate list of those available only in English which might be translated and of interest to the OMU.
5. Identify other resource materials that might be made available from Bethesda to support the beginning of the OMU Institute in Development and Management.

Abt/Odessa:

1. Assist coordination with the L'viv Management Institute (LMI) through Abt/L'viv to ensure that cooperation and collaboration on course and program development is forthcoming from both OMU and LMI.
2. Coordinate weekly or monthly meeting, by telephone or in person, between L'viv and Odessa to ensure that progress in implemented during the early stages of development.
3. Assist the OMU by identifying a trainer and sponsoring a training for trainers course in the first priority short-term course in order to get the program started.
4. Assist the OMU develop specific steps and a "to do" list with time frames clearly outlined, to implement the education and training mission of the Institute of Development and Management over the next six months.
5. Contact the AIHA in Kiev to determine if these can assist the OMU in program materials and course development.

OMU Institute of Development and Management:

1. Begin to identify the faculty and their qualifications from the various departments within OMU that would be likely candidates for faculty positions and short-erm course instructors within the Institute.
2. Begin the process of matching potential faculty qualifications with the needs of the Institute and the course requirements.
3. Develop a list of who will attend the first course, how many will attend, where the course will be taught, and who will teach the first course. Begin to teach at least one short term course within the next three months.
4. Using the course catalogues and course descriptions, begin to outline which courses of the one year program would be taught when and by whom.
5. Begin discussion and a draft document of some formal arrangement between OMU and the L'viv Management Institute to ensure collaboration on course and program development.

ATTACHMENT F. List of Recommended Textbooks

COURSE TITLE	TEXTBOOKS
1. Health Care Organization and Services	Introduction to Health Services, Williams and Torrens (eds) Delmar Publishers, 1993.
2. Financial Management in Health Care Organizations	Essentials of Cost Accounting for Health Care Organizations, Steven Finkler, Aspen, 1994.
3. Health Care Marketing and Entrepreneurship	Marketing Management, 8th Edition by Kotler, Prentice.
4. Managed Care	HMO's Rate Setting and Financial Strategy, Wrightson, Health Administration Press, 1990.
5. Health Care Managerial Roles and Processes	Organizational Behavior Understanding Life at Work. Gary Johns, Harper Collins Publishers, Albany, NY